

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF PUBLIC EDUCATION FACILITIES MODERNIZATION**



*Allen Y. Lew
Executive Director*

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MEMORANDUM

TO: Mayor Adrian M. Fenty

FROM: Allen Y. Lew
Executive Director
Office of Public Education Facilities Modernization

A handwritten signature in black ink, appearing to be 'A. Lew', is written over the 'FROM' field.

DATE: June 3, 2008

SUBJECT: Request To Reprogram \$43,381,677.29 in Capital Funding to Realign Financing for New Initiatives and an Accelerated FY 2008 Spending Plan for Modernization Projects within the Office of Public Education and Facilities Modernization

This is a request to reprogram \$43,381,677.29 within the Office of Public Education Facilities Modernization's (OPEFM) FY 2008 capital budget to help finance facilities improvements related to Athletic Fields (\$18,724,275.74), the Wilson Pool project (\$11,900,000), the Montgomery/KIPP Education Center Program (\$7,000,000), Gym Renovation at Coolidge High School (\$1,400,000) and General Improvement account (\$4,357,401.55). The funds will be reprogrammed from thirteen existing school modernization projects. Attachment 1 shows the sources and uses for this reprogramming request on a project basis.

We have previously submitted an \$81,250,000 reprogramming request to realign the financing to OPEFM's spending plan for FY 2008. This \$43,381,677.29 reprogramming substantially completes the financing of the FY 2008 spending plan realignment process.

OPEFM estimates spending and/or obligating \$487.5 million on school facilities projects in FY 2008 and \$223.5 million in FY 2009. The capital spending plan includes major new initiatives not programmed or requested in previous capital improvement plan (CIP) budget submissions, which are unbudgeted FY 2008 and in need of financing. The new initiatives include: the School Consolidation Initiative at approximately \$92.3 million, the Stabilization Initiative at \$120 million, athletic fields at \$24 million, and technology initiatives for DCPS at \$15 million. In addition, project managers estimate that additional funding is needed for certain ongoing modernization projects that have been accelerated to be completed in FY 2008 or FY 2009. These ongoing modernization projects include the Deal Middle School and the Phelps High

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School. While monies from OPEFM's FY 2008 capital budget allotment have been used to partially fund some of these initiatives, reprogrammings are needed to fully fund each initiative or accelerated project. Attachment 2 shows the sources and uses of OPEFM's FY 2008 and FY 2009 capital spending plans.

The current CIP (approved in June 2007) provides OPEFM and DCPS with \$291 million in financing in FY 2008 for capital expenditures. This amount is significantly less than the FY 2008 spending plan of \$487.5 million. To fully fund this spending plan, substantially all unobligated and unexpended balances from prior-years' capital allocations to other DCPS projects must be utilized and re-aligned to pay for OPEFM's FY 2008 spending plan. Accordingly, this request reprograms funds initially allocated to the thirteen school modernization projects listed in Attachment 1.

We note that the capital budgets currently loaded into SOAR were based on the 10 - year Master Facilities Plan (MFP) developed by the former Board of Education (BOE). The Council did not approve the former BOE's MFP. For FY 2008, the current budgets, reflecting the BOE's MFP, do not provide for the new initiatives discussed above. OPEFM is in the process of developing an MFP, which reflects the priorities of the Chancellor, Deputy Mayor for Education and the Mayor.

Additionally, OPEFM is in the process of transferring capital projects accounts in SOAR, the District's financial system, from DCPS to OPEFM. Upon approval of this request, the reprogramming will be reflected in affected, transferred projects' balances.

Why are the funds needed?

The \$43,381,677.29 reprogramming is needed to fully fund: (a) the Athletic Fields improvements at \$18,724,275.74; (b) the Wilson Pool project at \$11,900,000; (c) the Montgomery/KIPP Education Center Program at \$7,000,000; (d) Gym Renovation at the Coolidge High School at \$1,400,000 and (e) the General Improvement account at \$4,357,401.55. Athletic field improvements is a new initiative and it includes installation of artificial turf fields, new track surfaces, and (depending on the needs of the individual school) additional lighting, spectator seating, press boxes, and locker room facilities. Schools identified to receive these upgrades include Anacostia, Cardozo, Eastern and Spingarn High Schools; J.O. Wilson and Stanton Elementary Schools; the Fort Stanton, Ridge Road, Banneker and Riggs-LaSalle Recreation Centers; and the Benning Terrace Field. Athletic field improvements are expected to cost \$24 million, with most of the funding of \$18,724,275.74 coming from this reprogramming.

The Wilson Pool has been closed since July 2003 due to structural deficiencies. Abatement and demolition work was completed in November 2007. New construction has begun and it is scheduled to be completed in the summer of 2009. The Wilson Pool project is estimated to cost a total of \$31.9 million, with partial funding of \$11,900,000 coming from this reprogramming. Of the \$11,900,000, \$5,000,000 is to replace the \$5,000,000 in school modernization general obligation (GO) bond funding issued in FY 2007 and FY 2008 that has been reprogrammed to other projects and \$6,900,000 is related to a higher cost estimate. As noted in the previous

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reprogramming. OPEFM is allocating repair and renovation projects to school modernization GO funding. Since the Wilson Pool is a new construction project, this reprogramming assigns an alternative source of financing for the project.

The Montgomery/KIPP Education Center project involves building a gym, cafeteria and class rooms at the Scott Montgomery School facility. Like the Wilson Pool project, FY 2007 and FY 2008 school modernization G.O. bond financing was earmarked for the Montgomery/KIPP Education Center project, even though such bond financing is being allocated for repair or renovation work, not new construction. Similarly, this reprogramming assigns an alternative source of financing for the project.

The gym at the Coolidge High School is in dilapidated condition and barely functional. The renovation work is estimated to cost \$1,400,000 with work scheduled to be completed by the end of the summer. The Coolidge gymnasium was constructed in the early-1980s to provide a full-size basketball arena for the student population and community. The facility was built with a HVAC system that provided heating only. In the warmer months the facility is not usable as the building gets too hot. This project will add a central cooling system that will allow the facility to be used year-round as intended.

As discussed above, OPEFM is undertaking new initiatives including the Stabilization Initiative designed to address major deficiencies not addressed by previous blitz and repair efforts and the School Consolidation Initiative, as well as the acceleration of modernization projects such as the Deal and Phelps schools. As a result, OPEFM plans to spend \$487.5 million in FY 2008 compared to the much lower level of spending in FY 2009, \$223.5 million. To provide for potential variances from cost estimates and the need for additional work in such a large undertaking in FY 2008, \$4,357,401.55 is to be reprogrammed to the SG920C, a General Improvement account. The scope of work for this General Improvement account includes, but is not limited to, various activities: site work, masonry, thermal and moisture protection, doors, wall and ceiling finishes, flooring, and mechanical, plumbing and electrical and other miscellaneous exterior and interior facilities improvements.

Is this a reprogramming to restore a budget cut authorized by the Mayor and/or Council?

No, these funds are needed to fully fund and to realign financing for Athletic Fields, the Wilson Pool, the Montgomery/KIPP Education Center, Gym Renovation at Coolidge High School and a General Improvements account.

How will the funds be reprogrammed?

The funds will be reprogrammed from object class 409 in thirteen modernization projects to the same object of expenditure in the projects discussed above. The thirteen modernization projects where \$43,381,677.29 will be reprogrammed from include: (a) \$1,560,000 from Adams; (b) \$2,842,195.44 from Anacostia; (c) \$1,593,500 from Bruce Monroe; (d) \$1,186,500 from Bunker Hill/Brookland ES; (e) \$8,321,430.17 from Cardozo; (f) \$2,466,813.98 from Cooke; (g)

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\$2,531,042.84 from Kramcr; (h) \$1,880,000 from McCogney Elementary; (i) \$8,039,384.34 from McFarland; (j) \$5,616,190.27 from Randle Highlands; (k) \$82,543.45 from Smothers ES; (l) \$1,088,512.80 from Thomas ES; and (m) \$6,173,564 from Turner.

Why are the funds available?

As discussed above, the current budget load in SOAR is based on the former BOE's 10-year MFP, which was not approved by the Council. BOE's 10 – year MFP did not provide for the new initiatives such as the FY 2008 Stabilization Initiative. In addition, OPEFM has been working with the Chancellor of DCPS and the Deputy Mayor for Education to develop a proposed MFP reflecting their programmatic priorities for discussion with the Council and the public by September 10, 2008. *Modernization projects deferred to FY 2009 and later will be financed with the scheduled future fiscal years' capital budget allocations.*

What hardship will the District face if the action is postponed until the subsequent fiscal year?

If this reprogramming is not approved, Athletic Fields, the Wilson Pool project, the Montgomery/KIPP Education Center and Gym Renovation at Coolidge High School will not be fully funded and, as a result, these projects will be delayed and not completed on schedule. In addition, due to the magnitude and scope of the initiatives planned for FY 2008, additional work and costs might arise. If funds are not provided for a General Improvement account, critically needed and ad hoc miscellaneous repairs and renovation will not be completed before of the start of the 2008-2009 school year.

What programs, services or other purchases will be delayed as a result of the action, and the impact on the program or agency?

Please see the response to the previous question.

Should you have any questions, please contact Warren Graves, Chief of Staff, at 698-7764 or Bert Molina, Chief Financial Officer, at 698-7760.

Attachments

cc: Gordon McDonald, Deputy CFO for Budget and Planning, OCFO
William Singer, Chief of Budget Execution, EOM
Victor Reinoso, Deputy Mayor for Education, EOM
Michelle Rhee, Chancellor, DCPS
Eric Lerum, COS for the Deputy Mayor for Education, EOM
Noah Wepman, CFO for DCPS

Office of Public Education Facilities Modernization
Office of the Chief Financial Officer
Capital Improvement Plan - Recap
Planned Spending for FY 2008 and FY 2009

Attachment 2

(in thousands)

SOURCES:	FY 2008	FY 2009
Uncommitted Balance, <i>Beginning</i>	\$ 161,915	\$ 43,719
G.O. Bonds	111,197 ^A	117,450 ^A
School Modernization G.O. Bonds	80,000	-
Paygo	100,000	71,548
Intra-District Funding	6,000	-
Release of Encumbered Balances	<u>72,100</u>	<u>20,274</u>
Total Sources	\$ 531,212	\$ 252,991
 USES:		
Modernization & New Construction	\$ 211,571	\$ 189,085
School Consolidation	92,273	-
Stabilization Initiative	120,000	-
Athletic Fields	24,000	12,000
Technology Initiatives - OCTO	15,000	-
All other, Net	<u>24,649</u>	<u>22,464</u>
Total Uses	\$ 487,493	\$ 223,549
Uncommitted Balance, <i>Ending</i>	\$ 43,719	\$ 29,442

Note A - Includes G.O. Bond funding for small capital projects of \$21,203K and \$14,464K for FY 2008 and FY 2009, respectively.

Attachment 2

Office of Public Education Facilities Modernization
Office of the Chief Financial Officer

Attachment 1

FY 2008 Capital Reprogramming of School Modernization Funds
May 29, 2008

	A	B	C	D	E
#	Project Number	Description	Reprogram From	Reprogram To	Start Dates
1	NA137C	Adams	1,560,000.00		2016
2	NX437C	Anacostia	2,842,195.44		2011
3	NC237C	Bruce Monroe	1,593,500.00	-	2009
4	MB137C	Bunker Hill/Brookland ES	1,186,500.00	-	Exceeded
5	NX337C	Cardozo	8,321,430.17	-	2013
6	ND137C	Cooke	2,466,813.98	-	2008
7	NI137C	Kramer	2,531,042.84		2010
8	OA537C	McGogney Elementary	1,880,000.00	-	2010
9	NJ237C	McFarland	8,039,384.34	-	2009
10	NM337C	Randle Highlands	5,616,190.27	-	2008
11	NO237C	Smothers ES	82,543.45	-	2015
12	NP537C	Thomas ES	1,088,512.80		2025
13	NP937C	Turner	6,173,584.00		2009
14	SK120C	Athletic Fields		(18,724,275.74)	Underway
15	GM0HA0	Wilson Pool		(11,900,000.00)	Underway
16	MG637C	Montgomery/KIPP Education Center		(7,000,000.00)	Underway
17	NX837C	Coolidge High School Gym Renovation		(1,400,000.00)	Summer 2008
18	SG920	General Improvements		(4,357,401.55)	Ongoing
19		Total	<u>43,381,677.29</u>	<u>(43,381,677.29)</u>	

Attachment 1

